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# Summary

Supplemental appropriations were smaller during most of the 1990s than in the previous two decades. (Such appropriations provide additional funding to a federal agency for a fiscal year already in progress.) Nevertheless, they were a cause of concern in a decade characterized by efforts to control federal spending and lower the budget deficit. In the eyes of its supporters, supplemental spending gives the Congress flexibility to respond to problems or priorities that may not have been anticipated during the regular cycle of annual appropriations. In the view of its detractors, supplemental spending allows lawmakers to circumvent budgetary enforcement mechanisms and to deliberately underfund programs in regular appropriation laws, which often have a higher profile than supplemental laws.

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## Amount of Supplemental Spending in the 1990s

The Congress and the President enacted 19 supplemental appropriation laws during the 1990s. Another 10 regular appropriation laws for the coming fiscal year also contained supplemental spending for the current year. In all, those 29 laws provided almost \$138 billion in supplemental appropriations in the 1990s (see Summary Table 1). Annual supplemental funding ranged from a high of \$48.6 billion in 1991 (most of it for the Persian Gulf War) to a low of \$4.5 billion in 1996.

Those gross funding levels were partly offset by rescissions (cancellations of budget authority that had been provided earlier but not yet spent), which lawmakers enacted in every year of the decade. Some of the rescissions were contained in supplemental appropriation laws and were explicitly intended to offset the new supplemental spending in those laws. Other rescissions were contained in seven regular appropriation laws and in one 1992 law composed entirely of rescissions. Lawmakers rescinded a total of nearly \$52 billion during the 1990s, ranging from a high of \$18.9 billion in 1995 to a low of \$0.3 billion in 1991.

Annual supplemental spending as a percentage of the total budget authority enacted for the year began declining in the late 1970s (see Summary Figure 1). With the exception of spending for the Persian Gulf War, that decline continued through much of the 1990s. For most of the decade, supplemental spending net of rescissions represented less than 1 percent of total budget authority, falling to a low of -0.8 percent in 1995 (when rescissions more than offset supplemental appropriations).

Many requests for supplemental appropriations or rescissions are transmitted by the President, although the Congress is also free to initiate them. The amounts of supplemental spending and rescissions enacted in the 1990s were both larger than the amounts requested by the President—slightly larger in the case of supplementals but almost three times as large in the case of rescissions.

## Distribution of Supplemental Spending in the 1990s

Unlike the 1970s and 1980s, when supplemental appropriations were split more evenly between discretionary and mandatory programs, supplementals in the 1990s were overwhelmingly associated with discretionary spending (see Summary Figure 2). Spending for discretionary programs is determined by lawmakers each year through the appropriation process, whereas spending for mandatory programs is determined by rules—governing such things as eligibility requirements or payment levels—written into the laws that authorize the programs.

The agency that received the largest amount of supplemental spending in the 1990s was the Department of Defense. Supplementals to pay for Operations Desert Shield and Desert Storm in the Persian Gulf dominated supplemental spending in 1991 and

1992, although the United States eventually recouped the added costs of those operations through contributions from allied nations. Supplemental appropriations for defense did not figure prominently again until the end of the decade, with funding for peacekeeping missions in Bosnia and military operations in Kosovo.

Domestic discretionary supplementals enacted in response to natural disasters, such as hurricanes and earthquakes, rose steadily through the 1990s. Other supplemental appropriations responded to “nonnatural” disasters such as the Los Angeles riots in 1992 and the Oklahoma City bombing in 1995. As a result, the Federal Emergency Management Agency was the second-largest recipient of supplemental spending during the 1990s. Other agencies that received relatively large amounts of domestic discretionary supplemental appropriations were the Departments of Agriculture, Transportation, and Housing and Urban Development. In addition, a substantial fraction of the decade’s discretionary supplemental

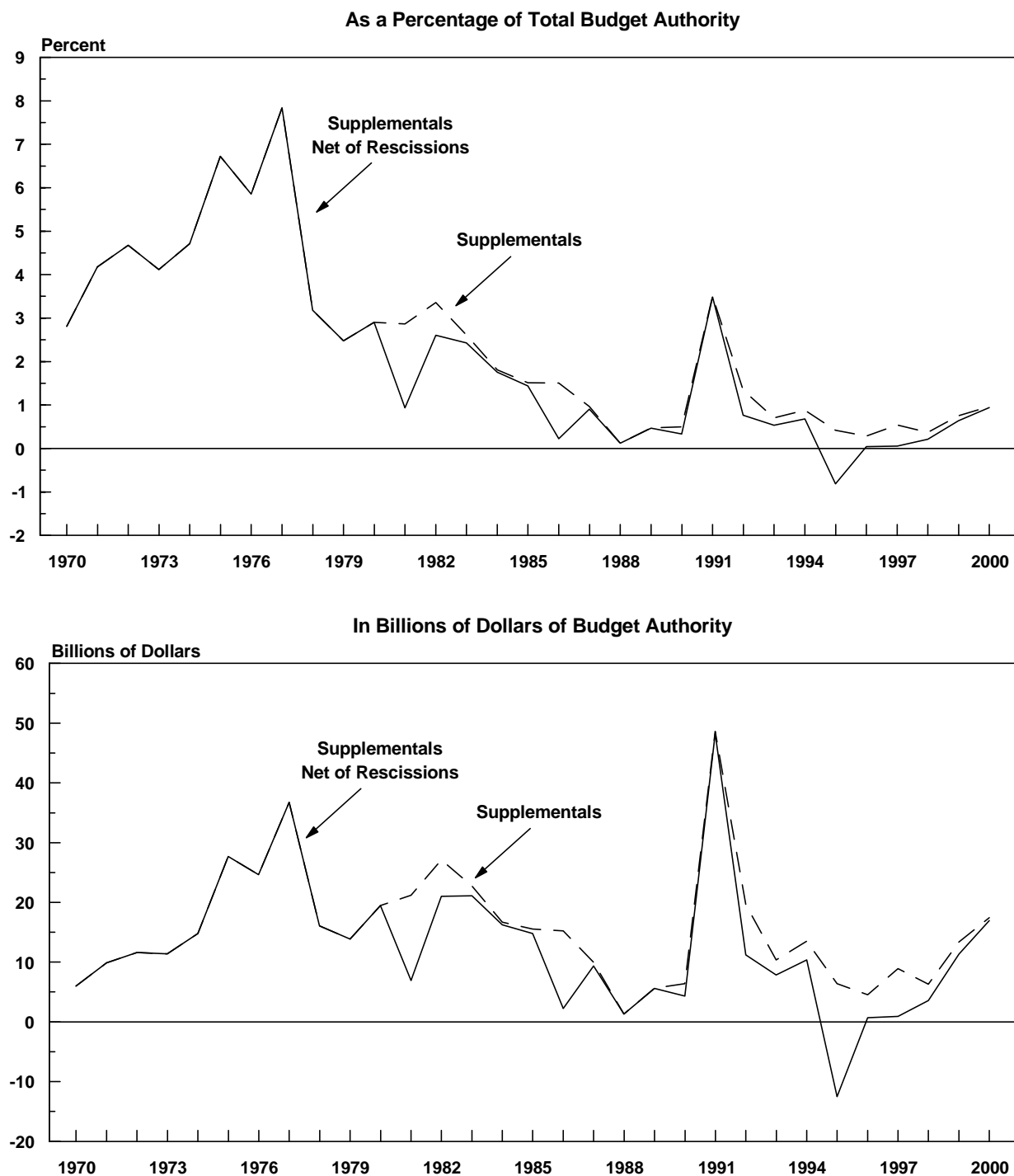
**Summary Table 1.**  
**Supplemental Appropriations Net of Rescissions, 1990-1999**  
**(By fiscal year, in millions of dollars of budget authority)**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total, 1990-1999
<b>Supplemental Appropriations</b>											
Discretionary	4,296	46,103	18,524	9,844	12,655	6,407	4,512	7,960	5,727	13,252	129,280
Mandatory	<u>2,078</u>	<u>2,509</u>	<u>1,138</u>	<u>515<sup>a</sup></u>	<u>862</u>	<u>9</u>	<u>0</u>	<u>937</u>	<u>550</u>	<u>115</u>	<u>8,713</u>
Total	6,374	48,612	19,662	10,359	13,517	6,416	4,512	8,897	6,277	13,367	137,993
<b>Rescissions</b>											
Discretionary	-2,045	-331	-8,433	-2,499	-3,159	-18,940	-3,844	-7,980	-2,726	-769	-50,726
Mandatory	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-1,250</u>	<u>-1,250</u>
Total	-2,045	-331	-8,433	-2,499	-3,159	-18,940	-3,844	-7,980	-2,726	-2,019	-51,976
<b>Total Supplemental Appropriations Net of Rescissions</b>	4,329	48,281	11,229	7,860	10,358	-12,524	668	917	3,551	11,348	86,017

SOURCE: Congressional Budget Office.

a. Excludes \$4 billion in mandatory supplemental appropriations for unemployment insurance because that additional funding was offset by the same amount of mandatory offsetting receipts.

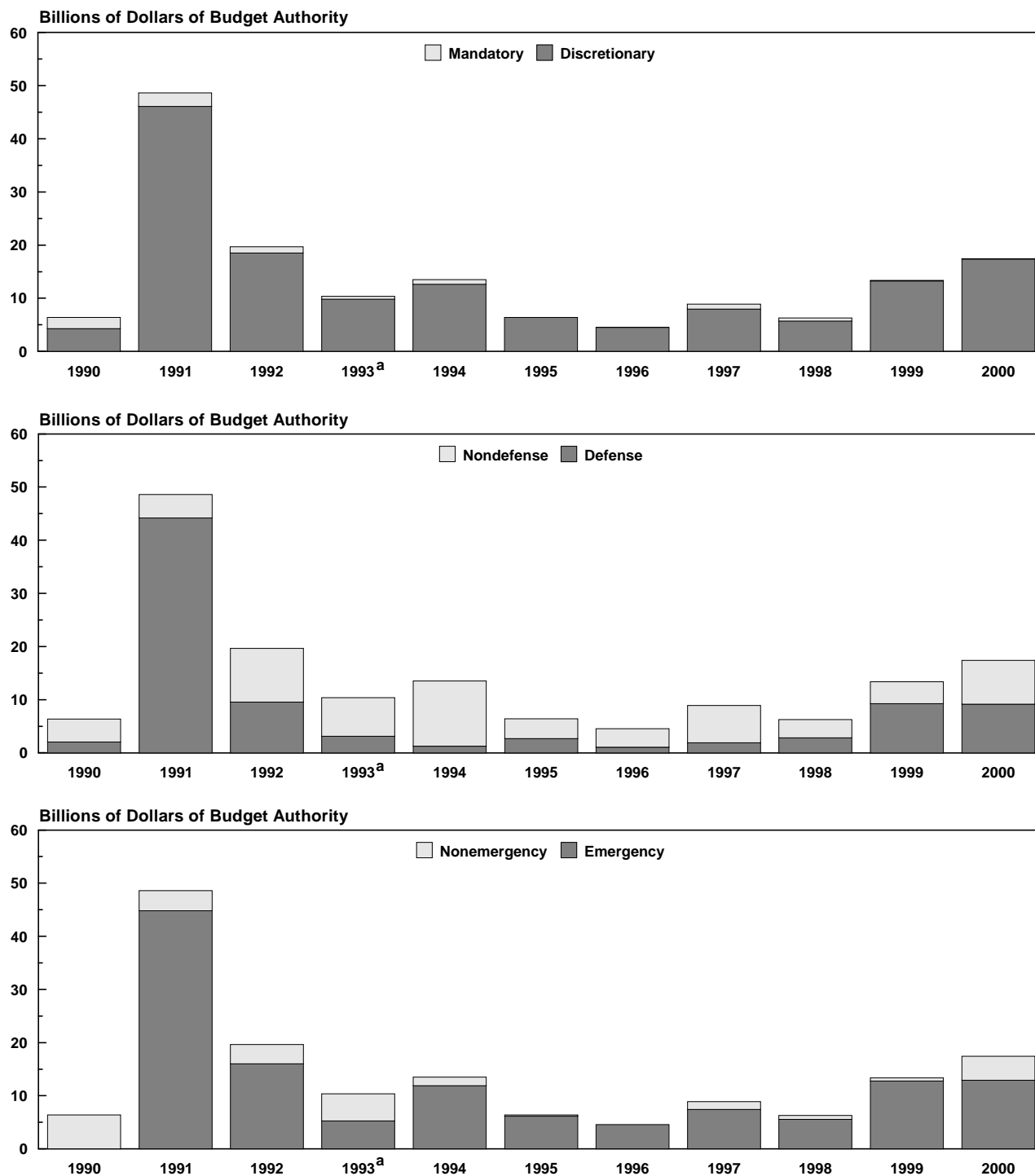
**Summary Figure 1.**  
**Supplemental Spending Gross and Net of Rescissions, 1970-2000 (By fiscal year)**



SOURCE: Congressional Budget Office.

NOTE: Data for 1970 through 1979 do not break down supplemental appropriations net of rescissions into supplementals and rescissions.

**Summary Figure 2.**  
**Supplemental Spending by Category, 1990-2000 (By fiscal year)**



SOURCE: Congressional Budget Office.

NOTE: Excludes rescissions.

a. Excludes \$4 billion in mandatory supplemental appropriations for unemployment insurance because that additional funding was offset by the same amount of mandatory offsetting receipts.

spending went to foreign aid and other State Department programs.

Only 9 percent of the supplemental appropriations (net of rescissions) enacted in the 1990s were classified as mandatory. Such appropriations are necessary when circumstances, such as worse-than-projected economic conditions, require greater benefit payments by a mandatory program than the amounts assumed in its regular appropriation. During the 1990s, mandatory supplementals were provided mainly for the unemployment insurance trust fund, the Food Stamp program, and veterans' compensation programs.

Several types of supplemental appropriations that had been common in the 1970s and 1980s faded away during the 1990s: supplementals for pay raises for federal employees, and supplementals enacted when the legislation authorizing a program came too late for the program to be included in regular appropriations. Changes in budgetary policies for federal agencies and in Congressional practices caused those types of supplemental spending to disappear in the 1990s, although unauthorized appropriations continued to occur.

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## Areas of Concern: Emergency Spending and the Effectiveness of Rescissions as Offsets

All but the first year of the past decade was governed by the Budget Enforcement Act of 1990 (BEA). That legislation attempted to limit discretionary spending by setting fixed caps on it—although the caps could be raised by the amount of any spending that the Congress and the President designated as an emergency. If spending breached one of the caps, it would trigger an across-the-board cut, or sequestration, in that category of spending.

Between 1991—when the BEA took effect—and 1999, the Congress and the President enacted over \$76 billion in discretionary supplemental appropriations (net of rescissions). However, only once during that period was there a breach of the discre-

tionary spending caps that triggered a sequestration. The availability of the BEA's emergency designation may have encouraged that additional spending. Indeed, almost 92 percent of the discretionary supplemental appropriations enacted during that period were designated as emergency spending.

Moreover, the use of the emergency designation expanded at the end of the decade. Until 1999, that designation was generally confined to supplemental spending, with few regular appropriations classified as emergencies. But in 1999, more than \$21 billion provided in regular appropriation acts was designated as emergency spending. In 2000, that figure rose to \$31 billion.

The Congress and the President have traditionally sought to offset new supplemental funding by rescinding equal amounts of unspent funding in other areas of the budget. Throughout the 1990s, such offsets were required for any new supplemental spending that was not designated as an emergency (and encouraged for any emergency supplemental). On paper, rescissions greatly reduced the budgetary impact of discretionary supplemental appropriations, particularly in the late 1990s, though only in 1995 did they equal or exceed new supplemental appropriations.

In practice, however, the extent to which those rescissions truly offset the accompanying supplemental spending is open to question. The answer depends on the rate at which the rescinded funds would have been spent. If a new supplemental appropriation will be entirely spent over five years but only half of the rescinded funds that are supposed to offset it would have been spent in that period, the net effect will be an increase in outlays.

Data about the estimated spending rates of amounts rescinded in the 1990s are limited. Nevertheless, they suggest that since 1992, in only two years (1995 and 1996) did the rescissions explicitly intended to offset supplemental appropriations fully offset them when measured over a five-year period. For the other years since 1992, those rescissions did not produce high enough outlay savings over five years to fully offset the supplemental spending with which they were linked.

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## Supplemental Appropriations for 2000

This study focuses on the 1990s, but while it was being written supplemental appropriations were enacted for fiscal year 2000. Two laws contained that supplemental spending: the regular appropriation acts funding military construction and defense programs for

2001 (Public Laws 106-246 and 106-259). Together, those laws provided just under \$17 billion in supplemental appropriations for 2000, of which \$12.9 billion was designated as emergency spending. The vast majority of the supplemental spending was discretionary; it was split almost evenly between defense and domestic programs. In addition, the two laws included \$470 million in rescissions, primarily of unspent defense funding.